

Department of Municipal Affairs

Annual Report 2005-06



Government of Newfoundland and Labrador
Department of Municipal Affairs



Government of Newfoundland and Labrador
Department of Municipal Affairs
Office of the Minister

Hon. Harvey Hodder, M.H.A.
Speaker of The House
Speaker's Office
P.O. Box 8700
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Dear Sir:

In accordance with Government's commitment to accountability, I have the honour to submit herewith, for transmittal to the House of Assembly, the annual report of the Department of Municipal Affairs for the year ended 31 March 2006.

Respectfully submitted,

JACK BYRNE,
Minister

c.c. Transparency and Accountability Office

Encs.

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CONTACT INFORMATION

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DEPARTMENTAL OVERVIEW

Vision

The vision of the Department of Municipal Affairs is communities with viable, sustainable municipal services led by strong local governments.

Mandate

The mandate of the Department of Municipal Affairs is derived from the Department of Municipal Affairs Notice, 2003, under the *Executive Council Act*, and is informed by the legislation set out in the Schedule (see Appendix A for a list of Acts under the Schedule) which outlines the powers, duties and functions of the Minister who is also appointed Registrar General.

The Department of Municipal Affairs is directly responsible for all matters relating to:

- a) municipal affairs;
- b) emergency preparedness; and
- c) provincial affairs.

Lines of Business

Lines of business are the major programs, products or services provided to our primary clients. The Department of Municipal Affairs has five main lines of business. These lines of business are set forth below and include a description of the associated parameters for each.

1. Local Governance

The Department strengthens local governance by:

- formulating land use policy and regional approaches to service delivery;
- providing municipal training to elected and administrative officials and legislative interpretation assisting in the development of municipal by-laws;
- advising local government officials;
- conducting reviews of municipal administrative matters;
- administering grants and subsidies for community infrastructure;
- examining local governments' financial operations;
- monitoring levels of debt;
- providing operational support; and
- participating in inter-provincial policy development and knowledge sharing.

2. Municipal Infrastructure and Engineering Services

The Department guides infrastructure investments by:

- assessing needs and prioritizing municipal infrastructure investment by the Province;
- providing financial support for the development and maintenance of municipal infrastructure;
- providing technical support and oversight for the design, installation and operation of municipal infrastructure; and
- advocating to the Federal Government, on behalf of municipalities, to secure long-term sustainable funding.

3. Emergency Preparedness

The Department provides a leadership role, pursuant to the *Emergency Measures Act*, in the coordination and/or provision of emergency measures through its responsibilities in emergency preparedness planning:

- declaring whether or not a local disaster situation exists within the area;
- designating an officer to plan, control and co-ordinate the activities of police, health, welfare, fire and other services in the area, either provincial or municipal, and to engage civilian personnel to assist these services; and
- participates in federal/provincial policy development and response coordination.

The Department also has responsibility for all matters related to the fire commissioner's office and duties including:

- investigating and keeping records of provincial fires; and
- providing advice and recommendations for the establishment of adequate municipal firefighting capability and promoting fire prevention.

4. Employment Support

The Department provides employment support programs to address needs in rural areas throughout the province and also as directed by Government in specific areas affected by downturns in the fishing industry. Employment support programs are delivered through partnerships with local governments and community groups to deliver short term employment projects.

5. Provincial Affairs

The Department has statutory responsibilities in relation to the following provincial affairs:

- coordinating annual ceremonies to honour our veterans;
- approving the use of legislated provincial identification symbols;
- prescribing and evoking Newfoundland Daylight Time; and
- controlling and applying the Great Seal of the Province.

Finance and General Operations

The Department's total net budget in 2005-06 was \$123.6M while its total net expenditure was \$133.4M. This \$9.8M variance is mostly attributed to unbudgeted expenditures associated with response to the Stephenville and Northeast Coast floods and delays in the flow of federal funds from earlier federal Disaster Financial Assistance Arrangement (DFAA) claims. In addition, funding supports were required to deal with delays in the opening of the crab fishery, the closure of the FPI plant in Fortune and the permanent closure of the FPI plant in Harbour Breton. However, the Department had lower than anticipated payments on capitalized debt, lower cash flows on municipal capital works and lower than expected expenditures resulting from the termination of federal programs upon the establishment of the Nunatsiavut government.

Human Resources

In 2005-06, the Department had a permanent staff complement of 119 positions and also employed a number of temporary and contractual staff. The educational backgrounds and expertise of Departmental staff is relatively diverse and reflects the Department's role in providing technical expertise to municipalities in areas of financial management, municipal administration, engineering, planning and policy, and emergency services. As well, the Department has staff responsible for administration, human resources, and information technology. Departmental staff also help establish and provide training programs for elected and non-elected municipal officials.

The Department's head office is located in St. John's. There are four regional offices located in St. John's (Eastern Region), Gander (Central Region), Corner Brook (Western Region) and Happy Valley-Goose Bay (Labrador Region). Emergency Services and Fire Prevention have offices located in St. John's and Deer Lake. Head office concentrates on policy and planning, support services and some service delivery. Regional offices primarily provide service delivery. The Department also maintains staff in Grand-Falls-Windsor (Emergency Measures) and Clarenville (Regional Operations).

During the past year, the Department was involved in the organizational review of the Human Resources function. The Human Resources role was transferred from a designated service to the Departments of Municipal Affairs, Government Services and Innovation, Trade and Rural Development to that of an expanded service role across Government.

The Department continues to make progress in implementing human resource strategies and will continue to address the human resource issues of recruitment, retention, and training needs of employees.

Employees in the Department of Municipal Affairs have participated in a number of educational upgrades. These include completing undergraduate/graduate degrees at MUN and training sessions at the Center for Learning and Development. These learning opportunities link into the Department's succession planning, as employees will be better prepared for positions that will become vacant within the next few years due to retirements, etc.

Information Technology

In 2005-06 the Department continued with enhancements to the Municipal Information Management System (MIMS). This system is an enterprise application that is accessible by the Departments of Health and Community Services, Government Services, Environment and Conservation, and Municipal Affairs. The new enhancements to the MIMS system included:

- I. upgrades to the Municipal Finance module;
- II. upgrades to the Municipal Capital Works module; and
- III. implementation of the Municipal Ranking module.

The Municipal Finance module was upgraded to capture "Actuals" data. With the "Budgets" section of the finance module in place, the "Actuals" section was completed to include redesigned data entry screens for the balance sheet, the actual financial data, financial statements and reports.

The Municipal Capital Works module upgrade included creating new data entry screens that would capture the same data as was required by the Federal Shared Information Management System for Infrastructure (SIMSI) application. Also, new database tables were created so that the SIMSI data could be imported into the MIMS system.

The Municipal Ranking module now includes an evaluation process which involves ranking applications received from the municipalities in priority sequence. This will allow the Department to ensure that the projects with a higher severity or priority are not overlooked. This module was completed early in 2006.

SHARED COMMITMENTS

Stakeholders

The primary clients of the Department of Municipal Affairs are the 283 municipalities and 180 Local Service Districts that represent about 96 per cent of the Province's population. In addition to these, there are approximately 100 unincorporated communities scattered throughout Newfoundland and Labrador. The Department has a broad range of stakeholders in municipal matters as well as related concerns that are of a wider provincial interest.

The Department has ongoing interaction with several provincial and federal government departments, particularly in the areas of land-use planning, employment support, infrastructure development, environmental issues, regionalization of services, emergency measures, water quality and waste management. The ability of the Department to meet strategic goals and objectives is impacted by the actions of several organizations. Consultation and cooperation with these organizations is necessary to develop and work towards shared goals.

The Department works closely with numerous organizations and associations including, but not limited to, the following:

- Newfoundland and Labrador Federation of Municipalities (NLFM);
- Newfoundland and Labrador Association of Municipal Administrators;
- Newfoundland and Labrador Association of Fire Chiefs and Firefighters;
- Combined Councils of Labrador;
- Various regional joint councils;
- Royal Canadian Legion;
- Various Provincial departments (including Environment & Conservation, Transportation & Works, Government Services, Labrador & Aboriginal Affairs, Health & Community Services, Fisheries & Aquaculture);
- Multi-Materials Stewardship Board;
- Municipal Training and Development Corporation;
- Infrastructure Canada (Department of Transport, Infrastructure & Communities);
- Atlantic Canada Opportunities Agency;
- Public Safety & Emergency Preparedness Canada;
- Atlantic Canada Water Works Association;
- Lending institutions;
- Educational institutions; and
- Engineering consultants.

Relationships with Stakeholders

It has been the tradition of the Department of Municipal Affairs to take a direct hands-on approach to the provision of services to municipal authorities. Historically, staff have been engaged in financial, administrative and technical affairs of many smaller municipalities that have needed or requested assistance. However, as municipal authorities evolve and mature, the Department's role has been moving towards that of policy-maker, advisor and facilitator.

The encouragement and subsequent movement towards increased regional sharing of services has lessened the need to provide direct assistance to municipalities. Communities that have entered into cooperative arrangements have improved their administration and made service delivery more efficient resulting in a decreased call for direct intervention by the Department in their affairs. While the Department continues its involvement in many areas of municipal governance, it strives to be less hands-on by encouraging municipal autonomy, self reliance and accountability.

To effectively provide services, communities must be equipped with the necessary legislative, financial and management tools. The primary role of the Department of Municipal Affairs is to assist in providing these tools. To achieve this, the Department works closely with the Newfoundland and Labrador Federation of Municipalities which assists in identifying municipal needs, trends and approaches to service delivery.

Partnerships and Cooperative Initiatives

In 2005-06, the Department continued to examine, evaluate and develop an appropriate offering of programs and services to ensure strategic issues are addressed and to assist smaller rural municipalities make the transition to self-reliance and autonomy.

The Department has been successful in establishing constructive partnerships that have led to improved policy, services and programs. Our strongest partnerships are with the local governments, the Newfoundland and Labrador Federation of Municipalities, the Combined Councils of Labrador, the Newfoundland and Labrador Association of Municipal Administrators, and the Newfoundland and Labrador Association of Fire Chiefs and Firefighters.

Municipal Training and Development Corporation (MTDC)

The Municipal Training and Development Corporation (MTDC) was created in November of 1999. The founding partners were and remain the Department of Municipal Affairs (MA), the Newfoundland and Labrador Federation of Municipalities (NLFM), the Newfoundland and Labrador Association of Municipal Administrators (NLAMA) and the Combined Councils of Labrador (CCL).

The vision of the Corporation is the provision of strong, effective and self-sustaining municipal government provided by knowledgeable, competent, elected officials and qualified professional staff. A strategic plan was developed for the provision of training and professional development for both elected officials and administrative staff. This plan will be further updated at a special meeting in the upcoming year.

A tremendous amount of work has taken place again this year in the development of basic and advanced educational programs for both councillors and municipal administrators in partnership with the College of the North Atlantic. Delivery of these programs began in the Fall 2006.

Again this year, the Department of Municipal Affairs has approved a program, in cooperation with MTDC, to provide financial assistance for training and professional development. The Financial Training Assistance Program is a program designed to provide funding to municipalities that can demonstrate the need for financial assistance to enhance training opportunities for elected officials, municipal administrators and staff. During the past fiscal year we have assisted over 500 councillors, municipal administrators and staff with various training needs in order to improve their performance in the provision of essential municipal services. MTDC also coordinated seminar sessions at the NLFM, CCL and NLAMA conferences. This provincial assistance program assisted the MTDC in the fulfillment of its mandate.

HIGHLIGHTS AND ACCOMPLISHMENTS

REGIONAL INITIATIVES

In 2005-06 a number of municipalities continued to explore the benefits of service sharing in areas such as fire fighting, waste management and water and sewer. Government supports the concept of regional sharing of services and will facilitate processes to explore this option for municipalities that request our support. Meetings and information sessions were held with various joint council groups, municipalities and regional bodies.

Catalina/Melrose/Port Union Merger

The Towns of Catalina, Port Union and Melrose successfully merged to create a new Town called Trinity Bay North. This came to fruition because the three individual towns wanted to provide their residents with better delivery and enhanced municipal services. By working together as the Town of Trinity Bay North, the towns of Catalina, Port Union and Melrose can maintain their individuality, yet come together to offer a reasonable tax structure that is consistent with other towns in Newfoundland and Labrador. This will ultimately help them attain the financial stability necessary to provide improvements in municipal infrastructure. In addition, by coming together, much duplication of services, such as administration, will be avoided.

The mayors and councillors of these three towns have recognized that there is strength in numbers and have demonstrated strong leadership in coming together to address the challenges of the future.

The Department worked closely with the new entity during the year and can attest that the merger was very beneficial in creating a viable municipality from three separate struggling Towns.

Grand Falls-Windsor and Bishop's Falls Feasibility Study

The feasibility study was completed. It examined future governance and operational models for the two towns of Grand Falls-Windsor and Bishop's Falls. The study focussed on the feasibility of creating a new city and/or shared services that currently exist. The Commissioners evaluated the effect of the proposed merger on service delivery; capital works requirements; long term debt; revenues and expenditures; access by the public to elected and/or appointed officials; and commercial identities.

Discussions have continued during the year between the Department and the Towns as to satisfactory arrangements for implementing the merger process.

Bay de Grave Regional Service Board (Proposed)

The Towns of South River, North River, Clarke's Beach, and Cupids and the Local Service District of Makinsons have initiated discussions with the Department for a Regional Services Board to provide fire prevention and protection services to their area.

This request came as a result of the Town of Cupids not being able to provide adequate services on their own. It was felt that with the communities coming together to form a Regional Service Board, a more efficient and effective fire service could be provided. The discussions are ongoing.

Others

The Department is actively participating in discussions with other municipalities, Local Service Districts and other interested groups to promote the sharing of municipal services where opportunities exist.

There have been a number of inquiries and it is anticipated that the coming year will be a much busier one as out-migration, demographic changes and diminishing tax revenues continue to strain the resources of smaller towns.

Community Co-operation Resource Centre (CCRC)

The NLFM's Community Co-operation Resource Centre (CCRC) with support from the Department continues to undertake quantitative research, collect data, undertake rigorous analysis and publish research on the nature, structure, and financial benefits of inter-municipal cooperation.

The CCRC encourages greater municipal financial viability through inter-municipal cooperation by collecting necessary data, creating a profile of councils and councillors, developing illustrative case studies on inter-municipal cooperation, disseminating sample contracts and other materials, and developing workshops on inter-municipal cooperation. The CCRC will also play the role of broker or facilitator when municipal governments request assistance in cooperative activities. To this end, several information sessions and meetings were held with municipal interest groups. CCRC has also undertaken to draft a proposed document for municipalities to self-evaluate their sustainability and/or viability as a municipal entity and to identify ways and means to address their findings.

The NLFM will use the materials and research provided by the CCRC in a campaign to raise awareness among municipal leaders of the financial and administrative benefits of greater inter-municipal cooperation. The materials will be integrated into workshops offered by the NLFM and the Municipal Training and Development Corporation. The research will be used in the preparation of Municipal News articles as well as NLFM Policy Papers on inter-municipal cooperation.

EMPLOYMENT SUPPORT

During 2005-06, the Department managed several employment support programs. The Community Enhancement Program is designed to assist residents by funding employment projects which have an economic development or community infrastructure objective. Additionally, the department managed a one-time Crab Workers Support Program for persons negatively impacted by the late start of the crab fishery and two separate employment initiatives for fish plant workers in Harbour Breton and Fortune. During the year, the various employment support programs assisted approximately 4,800 persons at a total cost of approximately \$12M.

LEGISLATION

The Department has stewardship for 33 pieces of legislation. On an on-going basis, the Department works closely with the Newfoundland and Labrador Federation of Municipalities, individual municipalities and other stakeholders on various aspects of municipal governance and operational legislation. This collaboration can and does range from the identification of needed changes to existing legislation to the development of new legislation.

While no major legislative initiatives were undertaken during the year, a number of amendments to various pieces of municipal legislation were enacted.

MUNICIPAL INFRASTRUCTURE DEVELOPMENT

Government continued to make substantial financial investment in municipal infrastructure. The Department administered 5 programs for the development of municipal capital works:

- a. the Canada-Newfoundland and Labrador Infrastructure Program (CNLIP)
- b. the Municipal Capital Works Program (MCWP)
- c. the Multi-Year Capital Works Program
- d. Special Assistance Program
- e. the Inuit People's Agreement

This resulted in funding for municipal infrastructure of approximately \$89.3M broken down as follows:

Municipal Infrastructure Total Capital Funding 2005-06

Project Type	Municipal Capital Works Program		Canada/NL Infrastructure Program		Multi-Year Capital Works Program		Special Assistance		Inuit Peoples Agreement		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$	#	\$
Water and/or Sewer	91	12,389,983	110	22,805,957	13	16,942,730	64	283,879	11	1,850,367	289	54,272,916
Paving and/or Road Reconstruction Program	49	6,663,534	—	—	15	16,639,102	19	84,011	—	—	83	23,386,647
Solid Waste Management	4	78,590	—	—	—	—	1	25,000	1	5,750	6	109,340
Recreation	9	1,352,210	—	—	8	2,316,673	12	72,676	2	153,404	31	3,894,963
Buildings / Firefighting / Other	14	2,471,359	—	—	4	1,111,683	132	2,630,809	8	1,431,038	158	7,644,889
Total	167	22,955,676	110	22,805,957	40	37,010,188	228	3,096,375	22	3,440,559	567	89,308,755

Canada-Newfoundland and Labrador Infrastructure Program

2005-06 was the fifth year of implementation of the Canada-Newfoundland and Labrador Infrastructure Program (CNLIP). Under this program, the federal, provincial and municipal governments will cost share \$156M on infrastructure in the Province over five years. In 2005-06, \$22.8M was committed under this program.

The Provincial and Federal Governments in consultation with the Newfoundland and Labrador Federation of Municipalities determined the top priority for expenditures under this program to be water and sewer infrastructure and drinking water quality.

Municipal Capital Works Program

Provincial/municipal capital works projects continue to be financed on a cost-shared basis. In 2005-06, \$23.0M was cost-shared between the Province and municipalities under the Municipal Capital Works Program. The focus of this program continues to be shorter term projects for smaller municipalities with a priority on water and sewer infrastructure.

Multi-Year Capital Works Program

2005-06 was the first year of the 2005-2008 Multi-Year Capital Works Program. Under this program, approximately \$37.0M was allocated. This program was designed to fund larger scale infrastructure projects in larger communities that have the capacity to make a multi-year funding commitment.

Special Assistance Program

This program assists municipalities with various needs, including small scale infrastructure projects. In 2005-06, the Department provided approximately \$3.1M towards the program.

Inuit People's Agreement

The Inuit People's Agreement is a federal/provincial cost shared program. In 2005-06 \$3.7M was allocated for various infrastructure projects and miscellaneous equipment purchases for 5 designated Inuit communities: Nain, Hopedale, Postville, Makkovik and Rigolet. This Agreement expired on December 1, 2005.

Variable Cost Sharing Guidelines

Many of the Province's smaller rural municipalities continue to benefit from the variable cost sharing guidelines. This arrangement applies to the provincial/municipal share of water and sewer projects. Under the guidelines, the provincial/municipal share of project costs can be financed on a 50/50 basis to as high as 70/30.

The variable cost sharing arrangements are based on factors such as the community size and fiscal capacity of the municipality. Smaller municipalities, and those with a limited tax base, are the beneficiaries of the lower cost sharing arrangements, while the larger municipalities can avail of funding at the 50/50 arrangements under the Multi-Year Capital Works Program.

WASTE MANAGEMENT STRATEGY

On April 10, 2002, the Ministers of Environment and Municipal Affairs (MA) jointly announced the Provincial Waste Management Strategy. In developing and implementing the Strategy, the Province recognizes the handling of solid waste has become an increasing concern for Newfoundlanders and Labradorians and that there are significant challenges ahead in addressing

our current waste management problems. Presently, the Department is seeking to identify the necessary funding commitment to facilitate full implementation.

The implementation of the Strategy, over time, will dramatically reduce the more than 240 waste sites, phase out the use of incinerators, eliminate open burning, increase waste diversion and eliminate the use of unlined landfill sites in most areas. While the planning and delivery of waste management is the direct responsibility of municipalities and communities, the provincial government acknowledges that it must provide the framework for waste management by setting policies, regulations and standards.

Of particular note is the plan to develop three major lined landfills, i.e., Avalon, Central and Western, to address the needs of the vast majority of residents of the Province. Given the enormity of the task, and the magnitude of the funding requirements from all three levels of government in the order of \$220 million, it is likely that the original target date of 2010 for implementing a modern Province-wide waste management system will need to be revised.

MA has been working with municipalities and municipal leaders to examine regional waste management options in a number of areas of the Province. Of particular note, the Province was able to reach an agreement with the Newfoundland and Labrador Federation of Municipalities (NLFM) and Infrastructure Canada, that \$22.5M, over 4 years, would be set aside for waste management as part of the planned allocation of Gas Tax funding within the Province.

Education and awareness is one of the key objectives of the Strategy. The Regional Committees will be developed to implement the Strategy. They will be pivotal in getting the message to every community and resident in the Province. As we move forward, it will also be important to have an open dialogue with industry, commercial and institutional partners, regarding their role in waste production, waste diversion, and in waste disposal.

MUNICIPAL FINANCING

Municipal Operating Grants

The existing system of municipal operating grants (MOGs) commenced in the calendar year 1991. The purpose of these grants is to assist municipalities in meeting their day to day operating expenses. The grants are paid on a quarterly basis.

The historical and future value of the Municipal Operating Grants is as follows:

Fiscal Year:	<u>2007/2008</u>	<u>2006/2007</u>	<u>2005/2006</u>	<u>2004/2005</u>
Funding Level:	\$16,500,000	\$17,625,000	\$19,125,000	\$21,000,000

The 2004-05 Budget announced a \$5M reduction in the Municipal Operating Grants to be phased in over a three year period. To help ensure that this reduction was targeted to those municipalities with the greatest capability to absorb a reduction, the Department utilized a two stage process.

In order to be considered for an MOG reduction, a municipality must have experienced growth in its total assessed property value and secondly, that growth must have yielded in excess of \$100,000 in tax revenue at an assessed tax rate of 10 mils. As a result of the application of this process, 14 municipalities were targeted for a \$2.1M reduction in their MOG for the calendar year 2005. A further review and identification for phase 2 of the planned reductions will be undertaken in the coming year.

Debt Servicing Subsidies

The existing system of water and sewer subsidies commenced in the calendar year 1991. The purpose of these subsidies is to assist municipalities in meeting principal and interest charges on their long term debt incurred on the installation of water and/or sewer systems.

The present system requires that municipalities with water and sewer systems financed by debentures issued before 1997 must make a contribution based on specific formula set by Government for determining Council's fair share of the debt charges (interest and principal) on its related long term debt.

All loans approved since 1997 have been assigned a specific cost sharing ratio. Municipalities are responsible for the repayment of their share of these loans plus the amount determined by formula on the older debt.

As of March 2005, the Newfoundland and Labrador Municipal Financing Corporation, the entity that arranged long term borrowings for municipalities, no longer provides new funding. Now municipalities arrange funding for capital projects and infrastructure loans through financial institutions and at completion of the project the Province pays their Provincial share to the financial institution. Subsidies provided for debt servicing for 2005/2006 totalled \$84,808,576.

Special Assistance

The Special Assistance Fund provides monetary aid to address such things as municipal emergencies of a health and/or life safety nature; financial support for the acquisition of needed fire fighting equipment; general emergency assistance to municipalities and special projects, etc. Funding provided under this program in 2005/2006 was \$3,093,171.

Debt Relief

The Debt Relief Program was established in 1997-98 to improve the financial strength, reliability and accountability of municipalities experiencing serious financial difficulties. While the factors that created these financial difficulties varied from municipality to municipality, common characteristics included unmanageable debt levels, inadequate tax levels, and in some cases, insufficient focus on matters of debt management.

Under the Debt Relief Program, the Department assists municipalities to develop sound financial plans and provides financial assistance to help them restructure their debt. To receive financial assistance, municipalities whose tax rates are below the provincial average are required, usually over a three year period, to increase taxes to a predetermined level.

Since inception of the Program, 185 municipalities have had their Newfoundland and Labrador Municipal Financing Corporation (NLMFC) debt reduced and/or restructured at a cost of approximately \$54.2 million. Of the 185, 150 have been assisted through the Debt Relief Program. The other 35 did so on their own initiative. The latter were municipalities that did not qualify for debt assistance, but took advantage of the Program to restructure their debt with NLMFC. These municipalities that have refinanced their debt took advantage of lower interest rates through the chartered banks. In excess of \$125 million of Government guaranteed debt owing to the NLMFC has been refinanced in this manner. This initiative has resulted in considerable savings in annual debt servicing costs for municipalities.

There are a further 5 municipalities identified by the Department which will require debt relief. These municipalities are in negotiations with the Department to address financial and other issues.

Consideration is given to municipalities which: have a high debt to revenue ratio benchmarked at 30% and higher, have arrears to the Newfoundland and Labrador Municipal Financing Corporation, and are prepared to impose minimum tax rates and enter into a debt restructuring agreement.

LAND USE PLANNING

In October 2005, the Urban and Rural Planning Division merged with the Engineering Division to form the Engineering and Land Use Planning Division. The Land Use Planning Section promotes the growth of sustainable and attractive communities through its administration of provisions of the *Urban and Rural Planning Act, 2000*.

Adopted and implemented by municipalities, Municipal Plans and Development Regulations are the primary tool for establishing municipal policies to advance community growth and the development of land. Municipal Plans coordinate council policies and decisions for the well-being of the entire community and promote the efficient use of municipal infrastructure, financial resources and land. There are a total of 140 municipalities in Newfoundland and Labrador with Municipal Plans and Development Regulations in legal effect. In 2005, Port Rexton prepared its first Municipal Plan and Development Regulations. Deer Lake, Lewisporte, Logy Bay-Middle Cove-Outer Cove and Witless Bay undertook a review of their Municipal Plans, which resulted in new vision for community growth and development. Conception Harbour and Roddickton also reviewed their Municipal Plans. In these two cases, the Towns re-adopted their existing plans with no changes.

The Land Use Planning Section reviews Municipal Plan and Development Regulations, including amendments, to ensure that the planning documents reflect provincial policies and have been prepared in accordance with the requirements of the *Urban and Rural Planning Act, 2000*. If these documents conform to provincial policy, they are registered and come into legal effect. Over the past year, a total of 66 amendments to Municipal Plans and 113 amendments to Development Regulations were reviewed and registered by the Land Use Planning Section.

Northeast Avalon Regional Plan Review

In 2005, the Minister initiated a comprehensive review of the existing St. John's Urban Region Regional Plan. Approved in 1976, the Urban Region Regional Plan is a key statement of provincial policy and provides a coordinated approach to development, services and land use planning for municipalities in the Northeast Avalon. While there have been some significant amendments to the Regional Plan over the years, it has not been subject to a comprehensive review since its adoption. The Minister invited the 15 municipalities in the Northeast Avalon to participate in a comprehensive review of this strategic planning document to ensure that it is responsive to current and emerging issues. Fourteen of the 15 municipalities agreed to cost share the review.

A leadership committee has been established to guide the review process. This committee consists of councillors appointed by the partnering municipalities and departmental representatives from the Land Use Planning Section. A technical team, consisting of technical representatives from the Department and municipalities, will undertake the technical aspects of the review. The Land Use Planning Section coordinates the activities of the leadership committee and technical team.

Humber Valley Regional Plan

In recent years, the Humber Valley, particularly the corridor between Deer Lake and Corner Brook, has experienced significant development pressures. A number of large, new resort

developments have occurred outside of municipal boundaries resulting in the potential for conflict with natural resources, environmental concerns and the loss of amenity as well as anxiety that the extent of development could prejudice the continued success of recreation and tourism sectors in the region.

In November 2005, the Minister asked all municipalities in the Humber Valley region whether they would support the preparation of a regional plan which would provide a comprehensive framework for the management of land in the region. Following various consultation sessions held by the Minister and staff from the Land Use Planning Division, it was agreed that a regional plan be prepared for the corridor from Deer Lake to Corner Brook as this area was experiencing the greatest development pressures. Over the past year, the Land Use Planning Section has been coordinating the activities associated with this regional planning initiative.

Regional Appeal Boards

The *Urban and Rural Planning Act, 2000* provides for four regional appeal boards, Eastern, Western, Central and Labrador, appointed by the Minister. In 2005, the Western Regional Appeal Board served as the Labrador Regional Appeal Board.

The appeal boards hear appeals made by individuals and groups dissatisfied with a development decision made by a municipal council or other development authority. The Land Use Planning Section provides administrative and technical support to these Boards. A total of 76 appeals were received by the Boards and 32 appeals were heard over a total of 8 days of hearings.

In the past year, the Land Use Planning Section has been investigating alternate models for the appeal boards. Extensive consultation has been carried out with municipalities and stakeholders such as the Newfoundland and Labrador Federation of Municipalities, the Newfoundland and Labrador Association of Municipal Administrators and the Atlantic Planners Institute (Newfoundland and Labrador Branch). Statistics with regard to usage, fees, costs and staff resources were also collected.

Other Initiatives

- In February 2006, the Protected Road Zoning Plans for the Trans Labrador Highway (Coastal Route and Happy Valley-Goose Bay to the Quebec/Newfoundland and Labrador Border) came into legal effect. Protected Road Zoning Plans are intended to protect critical highways by controlling development that may threaten highway safety and amenity. Staff from the Land Use Planning Section prepared these plans, undertook an extensive public consultation exercise and ensured that they were approved in accordance with the requirements of the *Urban and Rural Planning Act, 2000*.

- Over the past year, Land Use Planning Section staff has been preparing a protected road plan for the Trans Canada Highway between Corner Brook and the Baie Verte Junction.
- Land Use Planning Section staff, in conjunction with the Department of Labrador and Aboriginal Affairs, has been developing a plan to implement the Labrador Inuit Land Claim Agreement with regard to the preparation of a Regional Land Use Plan and the establishment of a Regional Planning Authority for the Labrador Inuit Settlement Area. In February 2006, the Minister declared the Labrador Inuit Settlement Area as a Regional Planning Area under the *Urban and Rural Planning Act, 2000*.
- The Land Use Planning Section was instrumental in the organization of the Atlantic Planners Institute annual conference held in St. John's from September 28 to October 1, 2005.

REGIONAL OFFICE OPERATIONS

The Department continues to provide its programs and services to its primary stakeholders, the Province's 283 municipalities and 180 local service districts through a Regional Office network that has four offices located in St. John's, Gander, Corner Brook and Happy Valley-Goose Bay. The activities of the Regional Offices are encompassed in three program/service areas, namely, Financial Monitoring and Support, Interpretive and Support Services, and Inspection Services.

Financial Monitoring and Support

Regional Office personnel, through a variety of means, continue to carry out extensive monitoring of the financial affairs of municipalities and local service districts. When these monitoring activities identify weaknesses, corrective measures are recommended and in many instances, regional office personnel assist the municipality or local service district with the implementation of these measures.

Interpretive and Support Services

There are 15 provincial statutes which govern various aspects of local government operations. Most of the Province's municipalities and local service districts have not had a great deal of experience with many of these statutes. Consequently, the Department's Regional Office personnel regularly provide explanation on the various statutes and regulations to municipalities, local service districts, and the general public.

Inspection Services

The *Municipal Affairs Act* provides the authority for the Minister of Municipal Affairs to require that financial and administrative inspections of municipalities and Local Service Districts be conducted. Such inspections, carried out by Regional Office personnel involve on site reviews of the financial and administrative records and policies of municipalities and local service districts to ensure compliance with fiscal practices, statutory, regulatory, financial and administrative requirements.

FIRE AND EMERGENCY SERVICES

To streamline and enhance the delivery of services in the area of fire protection and emergency response the Department of Municipal Affairs has finalized the integration of the Office of the Fire Commissioner (OFC) and Emergency Measures Organization (EMO) into an entity which will be known as Fire and Emergency Services (F&ES). This integration has already proven very valuable by providing immediate response to such incidents as the Stephenville Flood in September 2005.

In order to protect the most vulnerable segments of society, the elderly and the young, from the ravages of fire the Office of the Fire Commissioner has moved forward in the mandatory installation of automatic sprinkler systems in all personal care homes which will ensure a safe and secure environment for our elderly. The Department also continues to support the Newfoundland & Labrador Association of Fire Chiefs & Fire Fighters with the Learn Not To Burn program which provides critical fire and life safety education to our children.

The Office of the Fire Commissioner continues to deliver a comprehensive mobile training program throughout the Province. This past year the program delivered 33 of the 50 scheduled courses reaching 50 municipalities and local service districts and 416 firefighters. This accounted for 7482 total person hours of training by the fire service of this Province through the Office of the Fire Commissioner. A total of 19 different courses were availed of, examples include: Fire Inspection, Hazardous Materials, Vehicle Extrication, NFPA Fire Fighter 1 and 2, NFPA 1002-Diver Operator. The Office of the Fire Commissioner continues to support and encourage the development of local fire department instructors that can provide in-house training on a continuous basis.

This past year the Office of the Fire Commissioner commenced an ongoing training program to enhance the fire investigation capability of both police forces and well as the staff from Fire and Emergency Services. This four week training program will see Provincial fire investigators certified to international standards.

To address the changing and complex world of managing large scale emergencies the Office of the Fire Commissioner and Emergency Measures Organization started a training program in Incident Command. Representatives from various agencies and government departments such as; Eastern Health, Public Health Labrador, Western Health, Health and Community Services,

Human Resources, Labour and Employment, Royal Newfoundland Constabulary, Royal Canadian Mounted Police as well as the fire service personnel participated in a three day training program. In addition, ten (10) representatives were selected to take part in a train the trainer program which will enable Fire and Emergency Services to continue the Incident Command program throughout the Province.

The Division continues to support municipalities through the Joint Emergency Preparedness Program in the purchase of emergency preparedness equipment. In 2005/06 23 projects were approved primarily for communications equipment - totaling \$152,846.

Emergency Preparedness/Management training continues to be a focus of the division. Over the past year, courses in Basic Emergency Management Exercise Design and Emergency Operations Center Management were held in 11 locations throughout the Province. Two hundred and thirty-five participants availed of these courses.

The Division continues to coordinate and authorize air search and rescue with the Department of Transportation's Air Services Division, the RNC and the RCMP. In 2005/06, the division participated in 18 searches totaling 53.2 hours. In addition the organization participated in numerous other search and rescue missions utilizing RCMP, Canadian Coast Guard and National Defense helicopters and Provincial ground search and rescue teams.

The Division also continues to promote municipal emergency planning. In 2005/06, approximately 5 plans were reviewed and approved by the Minister.

International Emergency Management Group (IEMG)

The Province continues to participate as an active member of the IEMG. This consortium of the New England states and Eastern Canadian Provinces meets semi-annually to develop policy and emergency management protocol, which is to apply both nationally and internationally. In June 2005, the Province hosted a meeting of this group at which time the Province officially signed off as a full participant with this group. The signed contract formalizes the arrangements for cross border support during times of emergencies. Support can vary from physical assets to human resources to technical guidance and any other assets that can be deployed.

Disaster Assistance

The Division continues to work on outstanding disaster assistance claims cost shared under the Disaster Financial Assistance Arrangements. The federal auditors visited the Province in June, 2005 to review all claims associated with damages caused by Hurricane Gabrielle in 2001 and the Badger and West coast floods in 2003. The report from the auditor was submitted to the division in February, 2006. Deficiencies were noted and the various government departments involved in claim preparation were notified of all the auditor's concerns and issues. It should be noted that due to the significant flooding on the Burin Peninsula on March 31, 2005 and the Stephenville flood of September 27, 2005, the limited human resources of the division were reassigned to deal with new disaster claims associated with these floods. As a result, finalization of these claims has been delayed.

Burin Peninsula

As a result of flooding caused by a rainstorm on March 31, 2005, which saw over 200 mm of rain fall in certain areas of the Burin Peninsula, the Province requested assistance from the Federal Government under the Disaster Financial Assistance Arrangements program. Costs associated with this event are estimated to be in excess of \$1.3M. Five municipalities, including 12 homeowners, received flood damages. As well, the Province incurred damages to its roads, bridges and culverts.

Stephenville

On September 27, 2005 over 150 mm of rain fell in the Stephenville/ Port au Port area causing major damage to municipal and provincial infrastructure and to private property. Given the nature of the flooding in the most affected area bordering Blanche Brook in Stephenville and in the interests of public safety, the Department of Municipal Affairs and the Department of Environment and Conservation recommended to Cabinet that this area be declared a Designated Flood Control area. Approval of this recommendation would enable the Province to purchase the homes and property in this area with the intent to demolish all buildings and turn the area into green space. Total costs for all damages are estimated to be in excess of \$22M. Twelve municipalities were impacted, and over 300 individual private claims are expected. Due to the level of involvement of this Division with flood claimants, a temporary office was established in Stephenville in order that the public could submit damage claims and discuss their individual situations.

Appendix A

Legislative Acts

The following legislation informs the mandate of the Department of Municipal Affairs.

Assessment Act	Avian Emblem Act
Building Standards Act	City of Corner Brook Act
City of Mount Pearl Act	City of St. John's Act
Coat of Arms Act	Commemoration Day Act
Crown Corporations Local Taxation Act	Emergency Measures Act
Evacuated Communities Act	Family Homes Expropriation Act
Fire Prevention Act, 1991	Firefighter's Protection Act
Floral Emblem Act	Housing Act
Housing Association Loans Act	Labrador Act
Mineral Emblem Act	Municipal Affairs Act
Municipal Authorities Amendment Act	Municipal Elections Act
Municipalities Act, 1999	Provincial Anthem Act
Provincial Flag Act	Regional Service Boards Act
Remembrance Day Act	St. John's Assessment Act
St. John's Centennial Foundation Act	St. John's Municipal Council Parks Act
Standard Time Act	Urban and Rural Planning Act, 2000
Taxation of Utilities and Cable Television Companies Act	

Appendix B

Financial Statement Municipal Affairs 2005-06*

	Restated 05/06 Budget	Actual
Executive and Support Services		
Minister's Office: 1.1.01	253,900	242,279
Executive Support: 1.2.01	678,200	681,087
Administrative Support: 1.2.02	1,643,500	1,610,268
Less Provincial Revenue	<u>-5,000</u>	<u>0</u>
	1,638,500	1,610,268
Administrative Support - Capital: 1.2.03	<u>20,000</u>	<u>39,975</u>
Total Executive and Support Services	2,590,600	2,573,609
Services to Municipalities		
Regional and Financial Support Services		
Support to Municipalities: 2.1.01	1,134,500	997,897
Municipal Finance: 2.1.02	245,600	242,174
Policy and Planning		
Policy and Planning: 2.2.01	484,200	436,602
Urban and Rural Planning: 2.2.02	346,200	381,663
Less Provincial Revenue	<u>-6,000</u>	<u>-6,951</u>
	340,200	374,712
Engineering Support		
Engineering Services 2.3.01	993,900	1,069,890
Less Provincial Revenue	<u>-4,000</u>	<u>-4,747</u>
	989,900	1,065,143
Industrial Water Services: 2.3.02	805,300	631,918
less Provincial Revenue	<u>-791,200</u>	<u>-499,255</u>
	14,100	132,663
Total Services to Municipalities	3,208,500	3,249,191
Assistance and Infrastructure		
Financial Assistance		
Municipal Debt Servicing: 3.1.01	30,961,200	25,795,156
Municipal Operating Grants: 3.1.02	19,125,000	19,101,514
Special Assistance: 3.1.03	2,489,800	3,093,171
Community Enhancement: 3.1.04	4,250,000	12,006,367
Less Provincial Revenue	<u>0</u>	<u>-1,704,183</u>
	4,250,000	10,302,184
Capital Municipal Infrastructure		
Municipal Infrastructure: 3.2.01	60,830,800	59,013,420
Canada/NL Infrastructure Program 3.2.02	24,381,300	11,016,262
Less Federal Revenue	<u>-24,208,900</u>	<u>-9,128,678</u>
	172,400	1,887,584
Community Development- Coastal Lab. 3.2.03	8,145,800	3,220,169
Less Federal Revenue	<u>-2,867,700</u>	<u>0</u>
	5,278,100	3,220,169
Total Assistance and Infrastructure	123,107,300	122,413,198

	Restated 05/06 Budget	Actuals
Municipal Protection Services		
Fire and Emergency Services		
Fire Commissioner's Office: 4.1.01	822,100	807,314
Emergency Measures Organization 4.1.02	432,200	482,838
Less Provincial Revenue	<u>-1,500</u>	<u>-940</u>
	430,700	481,898
Joint Emergency Preparedness Projects 4.1.03	282,000	152,846
Less Federal Revenue	<u>-390,700</u>	<u>-143,612</u>
	-108,700	9,234
Disaster Assistance: 4.1.04	1,400,000	3,885,748
Less Federal Revenue	<u>-7,862,200</u>	<u>0</u>
	-6,462,200	3,885,748
Total Municipal Protection Services	-5,318,100	5,184,194
Total Department	123,588,300	133,420,192

**Expenditure and revenue figures included in this document are based on public information provided in the Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund for Fiscal year Ended 31 March 2006*